



# Activity Review

## North Carolina State Board of Certified Public Accountant Examiners

1101 Oberlin Road, Suite 104 • PO Box 12827 • Raleigh, NC 27605 • (919) 733-4222 • No. 2-2005

### Ethics CPE: Question and Answer

#### **Have the rules regarding CPE changed?**

Yes. Effective January 1, 2005, 21 NCAC 8G .0410 requires that all active licensees must complete either a two-hour group study professional ethics and conduct course or a four-hour self-study professional ethics and conduct course as part of the annual 40-hour CPE requirement.

#### **Does it matter which ethics course I take to fulfill the requirement in 21 NCAC 8G .0410?**

Yes. Only courses that have been approved by the Board and which are offered by Board-registered CPE sponsors (which includes NASBA CPE sponsors) can be used to fulfill the two-hour group study professional ethics and conduct course or the four-hour self-study professional ethics and conduct course in 21 NCAC 8G .0410.

#### **Has the Board approved any ethics courses to meet the ethics CPE requirement?**

Yes. As of the December 20, 2004, Board meeting, the Board had approved two courses which will satisfy the ethics CPE requirement-- "North Carolina Accountancy Law Course - Ethics, Principles, and Professional Responsibilities," and "Professional Ethics and Conduct."

"North Carolina Accountancy Law Course - Ethics, Principles, and Professional Responsibilities," is an eight-hour group study course offered by the North

Carolina Association of CPAs (NCACPA).

The NCACPA's other course, "Professional Ethics and Conduct," is a two-hour group study course.

Information about these courses is available from the NCACPA's web site, [www.ncacpa.org](http://www.ncacpa.org).

#### **Has the Board approved any self-study ethics CPE courses which will satisfy the requirement in 21 NCAC 8G .0410?**

No. The Board has not yet approved a self-study ethics course that will satisfy the requirement in 21 NCAC 8G .0410. However, the NCACPA is developing a four-hour self-study course which, if approved by the Board, will satisfy the requirement.

#### **If I take the NCACPA's eight-hour course, "North Carolina Accountancy Law Course - Ethics, Principles, and Professional Responsibilities," can I use two hours of the course to meet the ethics CPE requirement for this year and then carry-forward the other six hours to meet the requirement for next year?**

No. Although you may carry the extra hours forward, they will not count towards the ethics CPE requirement in 21 NCAC 8G .0410.

The ethics CPE requirement is an annual requirement, so you must take an ethics CPE course every year to remain in compliance with the rule.

#### **I took the NCACPA's eight-hour accountancy law course as part of my application for licensure. Do I have to take another ethics CPE course?**

If you were licensed for the first time in 2005 and you took the NCACPA's eight-hour accountancy law course in 2005, you may use the course to meet the requirement in 21 NCAC 8G .0410.

#### **Does the ethics CPE course count as part of the annual 40-hour CPE requirement or is it an extra requirement?**

Whether you take a two-hour group study course, an eight-hour group study course, or a four-hour self-study course, the course will count as part of the annual 40-hour CPE requirement.

*If you have questions about the Board's CPE rules, please contact Buck Winslow by telephone at (919) 733-1421 or by e-mail at [buckwins@bellsouth.net](mailto:buckwins@bellsouth.net). You may also contact Jodi Nelson by telephone at (919) 733-1423 or by e-mail at [jodisnelson@bellsouth.net](mailto:jodisnelson@bellsouth.net).*

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[www.cpaboard.state.nc.us](http://www.cpaboard.state.nc.us)

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# Disciplinary Actions

**Lloyd Council Folks, #7761**  
**Kinston, NC 10/25/2004**

*THIS CAUSE*, coming before the Board at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present. Pursuant to NCGS 150B-41, the Board and Respondent stipulate the following Findings:

1. Respondent was the holder of North Carolina certificate number 7761 as a Certified Public Accountant.
2. In September of 2003, four (4) Arrest Warrants were issued alleging that Respondent had failed "to pay North Carolina Withholding Tax withheld for his employees" for calendar years 1999, 2000, 2001, and 2002. Four (4) Arrest Warrants were also issued alleging that Respondent had failed "to file a tax return" for each of the calendar years 1998, 1999, 2000, and 2001.
3. On January 22, 2004, pursuant to a plea bargain, Respondent entered guilty pleas to four (4) counts of failure to file North Carolina individual income tax returns for calendar years 1998, 1999, 2000, and 2001, but the four (4) counts of failure to pay withholding taxes were dismissed.
4. The District Court consolidated the four counts for purposes of sentencing, entered an order of conviction, and sentenced Respondent to forty-five (45) days in Wake County Jail. The sentence was suspended and Respondent was placed on unsupervised probation for twenty-four (24) months and ordered to perform one hundred (100) hours of community service in the first twelve (12) months of probation, pay a one thousand dollar (\$1,000.00) criminal fine and court costs.
5. Despite at least three requests from Board staff to Respondent for information regarding Respondent's failures to pay Employee Withholding Taxes and failures to file North Carolina tax returns, Respondent has failed to provide the requested information.
6. Respondent contends that the above described acts and omissions can be attributed to and were a result of serious personal health issues that contributed

to extraordinary stress and physical as well as emotional hardships, which, Respondent contends, rendered Respondent unable to comply with deadlines placed upon him by the Board as well as by tax authorities, but that such stress and hardships only affected his own affairs and not the interests of his clients.

7. Respondent wishes to resolve this matter by consent and agrees that the Board staff and counsel may discuss this Order with the Board *ex parte*, whether or not the Board accepts this Order as written.

*BASED UPON THE FOREGOING*, the Board makes the following Conclusions of Law:

1. Respondent is subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. Respondent's actions as set out above constitute violations of NCGS 93-12(9)b and e and 21 NCAC 8N .0201, .0202(a), .0203(b)(1), .0204(c), .0206, .0207, and .0208(b).

*BASED ON THE FOREGOING* and in lieu of further proceedings under 21 NCAC Chapter 8C, the Board and Respondent agree to the following Order:

1. The Certified Public Accountant certificate issued to Respondent Lloyd Council Folks is hereby permanently revoked.

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**David N. Hemphill, #11778**  
**Asheville, NC 12/20/2004**

*THIS CAUSE* coming before the Board on December 20, 2004, at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present, the Board finds, based on the clear and convincing evidence presented, that:

## FINDINGS OF FACT

1. David N. Hemphill (hereinafter "Mr. Hemphill") is the holder of a certificate as a Certified Public Accountant in North Carolina and is therefore subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. Mr. Hemphill failed to timely obtain a State Quality Review (SQR) in accordance with provisions as required by NCGS 93-12(8c) and 21 NCAC 8M.0102.
3. Mr. Hemphill has subsequently failed to provide documentation to the Board that his SQR has been completed and is in excess of 120 days from the required completion date.

## CONCLUSIONS OF LAW

1. Mr. Hemphill's failure to timely obtain a SQR prior to the prescribed completion date is a violation of NCGS 93-12(8c) and 21 NCAC 8M.0102.

*BASED ON THE FOREGOING*, the Board orders that:

1. Mr. Hemphill's certificate is suspended for at least thirty (30) days from the date this Order is approved and until the required SQR compliance information is received by the Board.
2. If Mr. Hemphill fails to return his suspended certificate within fifteen (15) days of the receipt of this Order, the thirty (30) day suspension will be extended by the number of days that his certificate is late in being returned to the Board.
3. If Mr. Hemphill returns his suspended certificate within fifteen (15) days of the receipt of this Order, Mr. Hemphill can, after at least thirty (30) days, and the completion of his firm's SQR, apply to return his certificate to active status by submission and approval of a reissuance application which includes:
  - a. Application form,
  - b. Payment of the application fee,

c. Three moral character affidavits, and  
d. Forty hours of CPE in the 12 months preceding the application including an eight-hour accountancy law course pursuant to 21 NCAC 8F .0504.

4. If Mr. Hemphill returns his suspended certificate in excess of fifteen (15) days of the receipt of this Order, Mr. Hemphill can, after thirty (30) days plus the number of days that his certificate was late in being returned to the Board, and the completion of his firm's SQR, apply to return his certificate to active status by submission and approval of a reissuance application which includes:

- a. Application form (which includes statements regarding use of title during forfeiture),
- b. Payment of the application fee,
- c. Three moral character affidavits (on forms provided by Board),
- d. Forty hours of CPE in the 12 months preceding the application including an eight-hour accountancy law course pursuant to 21 NCAC 8F .0504, and
- e. Consent Order requiring payment of at least \$100.00 in administrative costs.

## 2005 Board Meetings

March 17\*  
April 20  
May 16  
June 21  
July 14\*\*  
August 22  
September 19  
October 24  
November 21  
December 19

Meetings of the Board are open to the public except when, under State law, some portions may be closed to the public.

Unless otherwise noted, meetings are held at the Board office and begin at 10:00 a.m.

\*2:00 p.m.

\*\*Greensboro

## Certificates Issued

At its January 24, 2005, meeting, the Board approved the following applications for licensure:

Emily Williams Arledge  
Margaret Olivia Ashburn  
Pamela Gwen Atkinson  
Kimberly S. Avery  
Bradley W. Barbour  
Ray Hugh Baynard, Jr.  
Brad Mitchell Bernstein  
Ilissa Bernstein  
Julia Elizabeth Black  
Brett Phillip Blattner  
Terrie Jean Blevins  
Mark Richard Bourg  
Jennifer Helen Boykin  
Elizabeth Leigh Bradburn  
Jeffrey Michael Brinn  
Carrie Leigh Rodman Brondyke  
Paul Christian Brown  
Brian Gregory Bruchs  
Jennifer Renee Burris  
William Christian Carter  
Glenn D. Clausing  
Julie Ann Clem-Toschlog  
Jacqueline Knotts Crotts  
Faith Hawkins Crump  
Jodi Renae Dodgen  
Lacy M. Drummond  
Michael Lee Edwards  
Jameson Michael Ellis  
Chris S. Elrod  
Luke J. Estola  
Bruce Alexander Farley  
Jack Edward Finley  
Jennifer Marie Fisher  
Haoyu Gan  
Julia Eaker Gardner  
Patricia Diane Gaunt  
Garit Anthony Gemeinhardt  
Susan Glendenning  
Alison Fromme Gomez  
Banisha Lena Gott  
Luke Anthony Governale  
Bradley McDonald Greer  
Katherine L. Griffin  
Elizabeth Karen Hagerty  
Maria Paulina Haro-Camm  
Jamie Elizabeth Harper

Lauren G. Harrison  
Richard Warren Hartzell  
Bobby Wendell Herring, Jr.  
Jill Cornelius Hobbs  
Jacquelyn Michelle Kastner  
Allan Clayton Kitchen  
Ryan Alan Kompanik  
Stephen Joseph Krol  
James Adam Landis  
Barry Tyrone Leonard  
Melissa Jane Linn  
Kevin Mark Loiselle  
James Henry Lombardi  
Laurie Ann Lovelady  
W. Scott Luper  
Nancy Marc-Thrasybule  
Kamala M. Massey  
Linda Carol Maxwell  
Brian Joseph McMerty  
Michael E. Metz  
Sarah Lawrence Nold  
Scott Alexander Oliver  
Toshio Osaka  
Bethany A. Osborne  
Douglas Alan Paddock  
John Burwell Parker, Jr.  
Elizabeth Sosa Perez  
Edward Neil Renner  
Jeffrey Neil Rhodes  
Kristen Norris Rogers  
Misty Jenkins Saldi  
David Eric Sites  
Christopher C. Smith  
Mark Paul Soticheck, II  
Karen Spear  
Julie LeAnn Spivey  
Lauren Jocelyn Stoner  
Jason Jeremiah Strange  
Wendy Elizabeth Sutton  
Tara French Tatum  
Dale Hunter Taylor  
James Will Vannoy  
Regina Wahab  
Tanya T. Ward-Guption  
Kerry Lee Watson  
Mary Martin White



## Disciplinary Actions

**Thomas R. Sawyer, #27005**  
**Glenville, NC 12/20/2004**

*THIS CAUSE* coming before the Board on December 20, 2004, at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present, the Board finds, based on the clear and convincing evidence presented, that:

### FINDINGS OF FACT

1. Thomas R. Sawyer (hereinafter "Mr. Sawyer") is the holder of a certificate as a Certified Public Accountant in North Carolina and is therefore subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.
2. Mr. Sawyer failed to timely obtain a State Quality Review (SQR) in accordance with provisions as required by NCGS 93-12(8c) and 21 NCAC 8M .0102.
3. Mr. Sawyer has subsequently failed to provide documentation to the Board that his SQR has been completed and is in excess of 120 days from the required completion date.

### CONCLUSIONS OF LAW

1. Mr. Sawyer's failure to timely obtain a SQR prior to the prescribed completion date is a violation of NCGS 93-12(8c) and 21 NCAC 8M .0102.

*BASED ON THE FOREGOING*, the Board orders that:

1. Mr. Sawyer's certificate is suspended for at least thirty (30) days from the date this Order is approved and until the required SQR compliance information is received by the Board.
2. If Mr. Sawyer fails to return his suspended certificate within fifteen (15) days of the receipt of this Order, the thirty (30) day suspension will be extended by the number of days that his certificate is late in being returned to the Board.

3. If Mr. Sawyer returns his suspended certificate within fifteen (15) days of the receipt of this Order, Mr. Sawyer can, after at least thirty (30) days, and the completion of his firm's SQR, apply to return his certificate to active status by submission and approval of a reissuance application which includes:

- a. Application form,
- b. Payment of the application fee,
- c. Three moral character affidavits, and
- d. Forty hours of CPE in the 12 months preceding the application including an eight-hour accountancy law course pursuant to 21 NCAC 8F .0504.

4. If Mr. Sawyer returns his suspended certificate in excess of fifteen (15) days of the receipt of this Order, Mr. Sawyer can, after thirty (30) days plus the number of days that his certificate was late in being returned to the Board, and the completion of his firm's SQR, apply to return his certificate to active status by submission and approval of a reissuance application which includes:

- a. Application form (which includes statements regarding use of title during forfeiture),
- b. Payment of the application fee,
- c. Three moral character affidavits (on forms provided by Board),
- d. Forty hours of CPE in the 12 months preceding the application including an eight-hour accountancy law course pursuant to 21 NCAC 8F .0504, and
- e. Consent Order requiring payment of at least \$100.00 in administrative costs.

**Ronald F. Finger, #9231**  
**Maiden, NC 12/20/2004**

*THIS CAUSE* coming before the Board on December 20, 2004, at its offices at 1101 Oberlin Road, Raleigh, Wake County, North Carolina, with a quorum present, the Board finds, based on the clear and convincing evidence presented, that:

### FINDINGS OF FACT

1. Ronald F. Finger (hereinafter "Mr. Finger") is the holder of a certificate as a Certified Public Accountant in

North Carolina and is therefore subject to the provisions of Chapter 93 of the North Carolina General Statutes (NCGS) and Title 21, Chapter 8 of the North Carolina Administrative Code (NCAC), including the Rules of Professional Ethics and Conduct promulgated and adopted therein by the Board.

2. Mr. Finger failed to timely obtain a State Quality Review (SQR) in accordance with provisions as required by NCGS 93-12(8c) and 21 NCAC 8M .0102.
3. Mr. Finger has subsequently failed to provide documentation to the Board that his SQR has been completed and is in excess of 120 days from the required completion date.

### CONCLUSIONS OF LAW

1. Mr. Finger's failure to timely obtain a SQR prior to the prescribed completion date is a violation of NCGS 93-12(8c) and 21 NCAC 8M .0102.

*BASED ON THE FOREGOING*, the Board orders that:

1. Mr. Finger's certificate is suspended for at least thirty (30) days from the date this Order is approved and until the required SQR compliance information is received by the Board.
2. If Mr. Finger fails to return his suspended certificate within fifteen (15) days of the receipt of this Order, the thirty (30) day suspension will be extended by the number of days that his certificate is late in being returned to the Board.
3. If Mr. Finger returns his suspended certificate within fifteen (15) days of the receipt of this Order, Mr. Finger can, after at least thirty (30) days, and the completion of his firm's SQR, apply to return his certificate to active status by submission and approval of a reissuance application which includes:
  - a. Application form,
  - b. Payment of the application fee,
  - c. Three moral character affidavits, and

**Finger**

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## Exam Issues, Part VI

The last testing window of the first year of the computer-based Uniform CPA Examination will close at the end of February and the Exam will be in refresh mode during March. While the Exam is in refresh mode, you may apply to take the Exam and if you have received a Notice to Schedule, you may schedule an appointment with a Prometric test center.

To reduce the problems you may encounter with the Exam, please review the following questions and answers:

### Is “session time” the same thing as “Exam time”?

Exam time is the time designated for a candidate to complete the Exam session on the computer. Session time is the Exam time plus 30 minutes. The extra 30 minutes gives you time to complete the sign-in process and the survey without affecting the Exam time.

### When does the clock start on the Exam time?

The Exam clock begins to count down as soon as you open the first testlet. The Exam clock continues to run even when you are on a break between testlets and simulations or when you are speaking with the test center staff. The Exam clock stops only when there is a power failure. Once the Exam has started, the Exam clock cannot be reset, adjusted, or extended by anyone.

### How I can make the best use of my time when taking the Exam?

Most candidates have found that they need 30 – 50 minutes per simulation. When planning for an Exam section, allocate the time for the simulations and then divide the remaining time in three equal parts for the multiple-choice testlets.

Immediately report equipment and computer malfunctions to the test center staff. Do not attempt to correct such problems yourself—you will lose valuable Exam time and still won't be able to resolve the problem.

Wait until you have completed the Exam to report any content problems.

The test center staff is not responsible for Exam content issues, so it is a waste of your Exam time to attempt to report such problems to the test center staff.

Don't spend time writing down any content issues or Exam answers on the scratch paper provided by the test center staff. All scratch paper is collected after the Exam and shredded. Write down any content issues on the “Confirmation of Attendance” you receive after you exit the Exam room.

Follow directions carefully. If a simulation requires a written response, don't try to create a response by using the copy/cut/paste functions. Likewise, if a simulation requires a copy/cut/paste response, don't waste time trying to create a lengthy written response.

### How do I prevent early Exam termination?

Test sessions are designed to automatically terminate if the allotted time (approximately 5 – 10 minutes) for the introductory screens is exceeded. To prevent early Exam termination, don't take time to make notes, do relaxation exercises, or make unnecessary conversation with the test center staff before opening the first testlet. Promptly move through the sign-in and preliminary screens at the beginning of each Exam.

### Are my Exam answers lost if I run out of Exam time and don't have time to click on “done” to indicate that I have completed my last testlet or simulation?

Candidate responses are automatically saved every 30 seconds, regardless if you have signaled the completion of the final testlet or simulation.

If you have a problem, question, or concern about the administration of the Exam, the Prometric Testing Center, your score notice, etc., please send an e-mail to Phyllis Elliott at [pwelliot@bellsouth.net](mailto:pwelliot@bellsouth.net).

Include your name, candidate id number, daytime telephone number, and the specifics of your problem, question, or concern in your e-mail message.

**NOTE:** The National Candidate Database (NCD) operated by NASBA has a new toll-free number, 1-866-MY-NASBA (1-866-696-2722) for questions about the Notice to Schedule (NTS) which cannot be answered by the Board. The toll-free number can also be used to report any Exam-related problems or concerns.

### Need More Information?

Previous articles on Exam-related issues were published in the 5-2004, 6-2004, 9-2004, 11-2004, and 12-2004 issues of the *Activity Review* which are available on the Board's web site under the “newsletter” link.

Additional information about the Exam is available from the following web sites:

**AICPA:** [www.cpa-exam.org](http://www.cpa-exam.org)

**Board:** [www.cpa-board.state.nc.us](http://www.cpa-board.state.nc.us)

**NASBA:** [www.nasba.org](http://www.nasba.org)

**Prometric:** [www.prometric.com](http://www.prometric.com)

### Finger *continued from page 4*

d. Forty hours of CPE in the 12 months preceding the application including an eight-hour accountancy law course pursuant to 21 NCAC 8F .0504.

4. If Mr. Finger returns his suspended certificate in excess of fifteen (15) days of the receipt of this Order, Mr. Finger can, after thirty (30) days plus the number of days that his certificate was late in being returned to the Board, and the completion of his firm's SQR, apply to return his certificate to active status by submission and approval of a reissuance application which includes:

- a. Application form (which includes statements regarding use of title during forfeiture),
- b. Payment of the application fee,
- c. Three moral character affidavits (on forms provided by Board),
- d. Forty hours of CPE in the 12 months preceding the application including an eight-hour accountancy law course pursuant to 21 NCAC 8F .0504, and
- e. Consent Order requiring payment of at least \$100.00 in administrative costs.

## GASB Clarifies Reporting of Net Assets

In December 2004, the Governmental Accounting Standards Board (GASB) issued Statement No. 46, *Net Assets Restricted by Enabling Legislation*, an amendment of GASB Statement No. 34.

The purpose of Statement 46 is to help governments determine when net assets have been restricted to a particular use by the passage of enabling legislation and to specify how those net assets should be reported in financial statements when there are changes in the circumstances surrounding such legislation.

A government's net assets should be reported as restricted when the purpose for or manner in which they can be used is limited by an external party, a constitutional provision, or enabling legislation.

Enabling legislation is a specific type of legislation that both authorizes the raising of new resources and imposes legally enforceable limits on how they may be used.

Statement 46 is intended to alleviate difficulties in identifying enabling legislation restrictions by clarifying that "legally enforceable" means that an external party—such as citizens, public interest groups, or the judiciary—can compel a government to use resources only for the purposes stipulated by the enabling legislation.

Statement 46 confirms that the determination of legal enforceability is a matter of professional judgment, which may entail reviewing the legislation and determinations made for similar legislation, as well as obtaining the advice of legal counsel.

The Statement indicates that governments should review the legal enforceability of enabling legislation restrictions when new enabling legislation has been enacted to replace existing legislation and when resources are used for purposes not specified by the enabling legislation.

The Statement also requires governments to disclose in the notes to the financial statements the amount of net assets restricted by enabling legislation as of the end of the reporting period. Statement 46 is effective for periods beginning after June 15, 2005.

GASB Statement No. 46 (Product Code GS46) can be ordered through the GASB order department at 1-800-748-0659 or via its web site, [www.gasb.org](http://www.gasb.org).

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## ASB Issues Audit Documentation Exposure Draft

The AICPA's Auditing Standards Board (ASB) has issued an Exposure Draft of a proposed Statement on Auditing Standards (SAS) entitled *Audit Documentation*.

If approved, the proposed Statement will supersede SAS No. 96 of the same name (AICPA, *Professional Standards*, vol. 1, AU sec. 319).

Copies of the Exposure Draft are available for download from the AICPA web site, [www.aicpa.org](http://www.aicpa.org).

The proposed SAS establishes standards and provides guidance to an auditor of a non-issuer on audit documentation for audits of financial statements or other financial information being reported on.

Although audit documentation alone does not guarantee audit quality, the process of preparing sufficient and appropriate audit documentation contributes to the quality of an audit.

The ASB believes this Exposure Draft will improve audit practice and is responsive to the issues that have been raised by regulators and others who use and rely on audited financial statements of non-issuers.

The Standard would not apply to audits of public companies since audit-

ing standards for those entities are promulgated by the Public Company Accounting Oversight Board (PCAOB).

Among other things, the proposed SAS:

- Requires the auditor to consider, when preparing audit documentation, the needs of an "experienced auditor," having no previous connection with the audit, to understand the procedures performed, the evidence obtained and specific conclusions reached.
- Provides enhanced guidance on matters that should be documented, including guidance on documentation that should be retained.
- Requires the auditor to document audit evidence that is identified as being contradictory or inconsistent with the final conclusions, and how the auditor addressed the contradiction or inconsistency.
- Requires that the auditor assemble the audit documentation to form the final audit engagement file within 60 days following the delivery of the auditor's report to the entity. After this date, the proposed SAS requires the auditor not to delete or discard existing audit documentation, and to appropri-

ately document any subsequent editions or changes.

- Specifies a minimum file retention period that is ordinarily not expected to be shorter than five years from the date of the auditor's report.

In addition to the proposed SAS, the Exposure Draft includes proposed amendments to SAS No. 1, *Codification of Auditing Standards and Procedures* (AICPA, *Professional Standards*, vol. 1, AU sec. 530.01 and .05, "Dating of the Independent Auditor's Report").

The proposed amendment requires that the auditor's report not be dated earlier than the date on which the auditor has obtained sufficient competent audit evidence to support the opinion on the financial statements.

It also proposes an amendment to SAS No. 95, *Generally Accepted Auditing Standards* (AICPA, *Professional Standards*, vol. 1, AU sec. 150.05); the amendment adds a requirement for the auditor to document his or her justification for a departure from the SASs in the working papers.

Please e-mail your comments on the Exposure Draft to [sbooth@aicpa.org](mailto:sbooth@aicpa.org) no later than May 15, 2005.



## Reclassifications

### Reissuance

**01/24/05**

Lawrence Walter Marley, #14320

### Reinstatement

**12/20/04**

Robert Kevin White, #19548

**01/24/05**

Gerald Wayne Bass, #6802

Tracie W. Cox, #25561

Eric Andrew Erikson, #22709

Lori Wingate Gorman, #16248

Kathryn L. Kisiel, #29091

John Merle Montague, #17882

Donald Clyde Yount, Jr., #15821

### Retired

“Retired,” when used to refer to the status of a person, describes one possessing a North Carolina certificate of qualification who verifies to the Board that the applicant does not receive, or intend to receive in the future, any earned compensation for current personal services in any job whatsoever and will not return to active status [21 NCAC 8A.0301(b)(23)].

**01/24/05**

Drexel G. Durham  
Rocky Mount, NC

## Moved? Changed Jobs?

Pursuant to 21 NCAC 8J.0107, all North Carolina CPAs and CPA firms must notify the Board, in writing, within 30 days of any change of address or business location.

For your convenience, a “Notice of Address Change” form is printed on the back cover of the *Activity Review* and is available on the Board’s website, [www.cpaboard.state.nc.us](http://www.cpaboard.state.nc.us).

Address changes may be mailed, faxed, or e-mailed to the Board.

Please fax your address changes to the Board at (919) 733-4209.

Please e-mail your address changes to [cpareceptionist@bellsouth.net](mailto:cpareceptionist@bellsouth.net).

## Inactive Status

“Inactive,” when used to refer to the status of a person, describes one who has requested inactive status and been approved by the Board and who does not use the title “certified public accountant” nor does he or she allow anyone to refer to him or her as a “certified public accountant” and neither he or she nor anyone else refers to him or her in any representation as described in 21 NCAC 8A.0308(b) [21 NCAC 8A.0301(b)(23)].

11/23/04	Thomas Roy Styers, III	Irving, TX
11/23/04	Virginia Newton Long	Charlotte, NC
11/23/04	Antia Dawne Troxler-Tawasha	Burlington, NC
11/23/04	Peggy LeAnn Newsome	Virgie, KY
11/23/04	John Patrick McGee	Durham, NC
12/01/04	Kelly Ann Mitchell	Asheville, NC
12/01/04	Aletta M. Lane	Winston-Salem, NC
12/06/04	Charles Marion Drum, Jr.	Wilkesboro, NC
12/06/04	James Alan Giles	Greensboro, NC
12/06/04	Kenneth Scott Jones	Clemmons, NC
12/08/04	Judith Schwarz Patzke	Millis, MA
12/08/04	Margaret Cary Lutz	Durham, NC
12/08/04	Deborah Fadeley Thompson	Charlotte, NC
12/08/04	Christopher Scott Gribbins	Stanley, NC
12/08/04	Elizabeth Haney Funderburk	Palmyra, PA
12/09/04	Daniel Tate Ervin	Morganton, NC
12/15/04	Samuel Keith Newman	Sunset Beach, NC
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